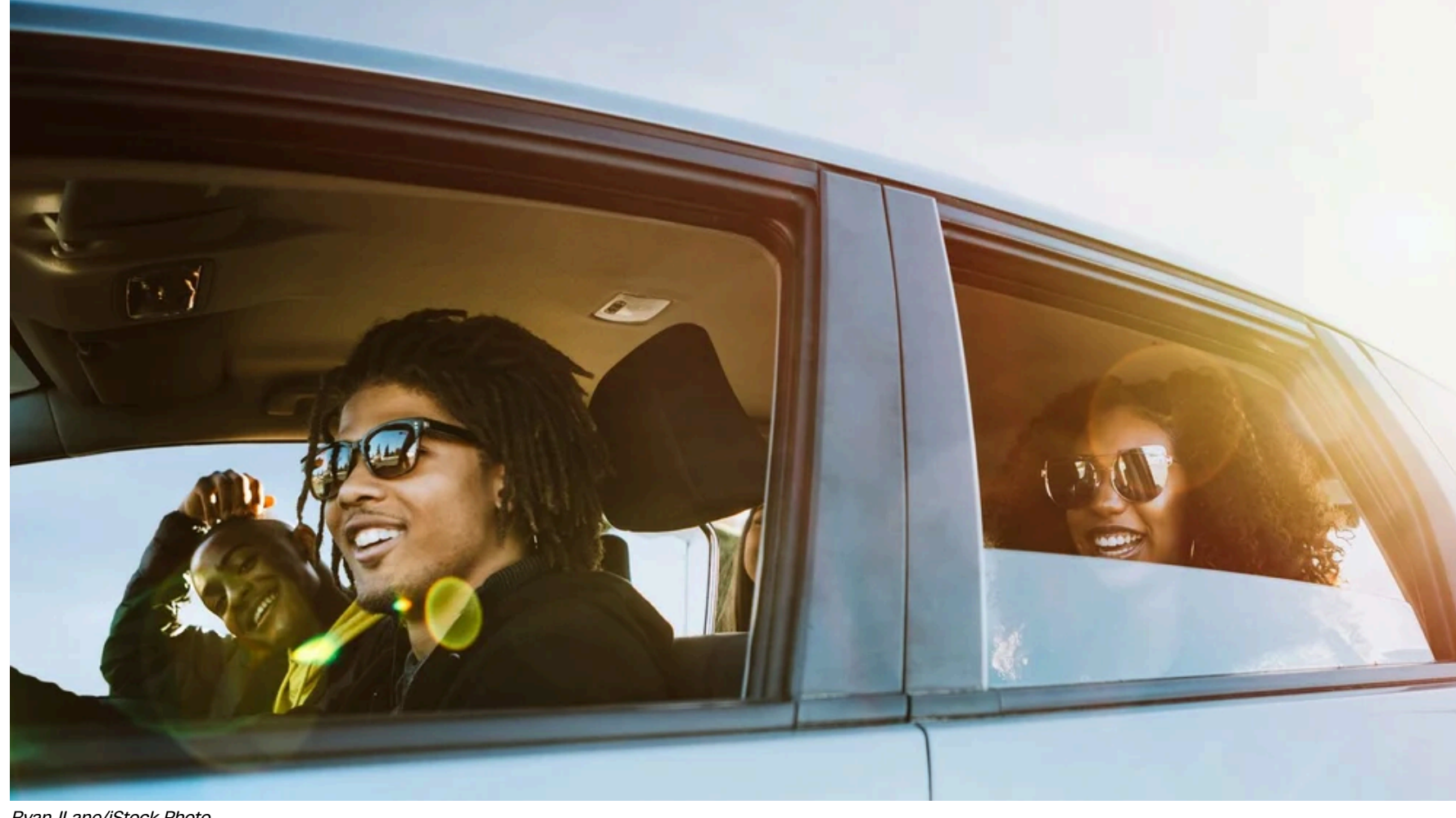


Money / Insurance / Car Insurance

Non-owner car insurance: Coverage options and savings

By Michael Evans, J. R. Dumas & Teri Roughley, CNN Underscored Money
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Ryan Lanza/istock Photo

Even if you don't own a vehicle, you might need car insurance if you regularly borrow or rent cars. While a car's owner might carry liability coverage, their policy may not cover all the costs of a serious accident. If you're at fault for an accident while driving someone else's vehicle, you could end up on the hook for expensive auto repairs and medical bills.

Non-owner auto insurance provides valuable financial protection for drivers who borrow or rent automobiles, are in between cars for a brief period or need it for SR-22 requirements.

What is in this guide?

- How does non-owner car insurance work?
- What does non-owner car insurance cover?
- What's not covered by non-owner car insurance?
- How much is non-owner car insurance?
- Who needs non-owner car insurance?
- Situations where non-owner car insurance is...
- Who shouldn't buy non-owner car insurance?
- Non-owned car insurance for businesses
- Frequently asked questions (FAQs)

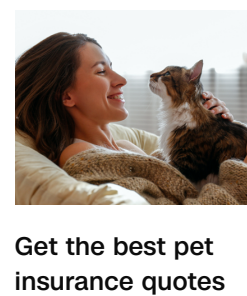
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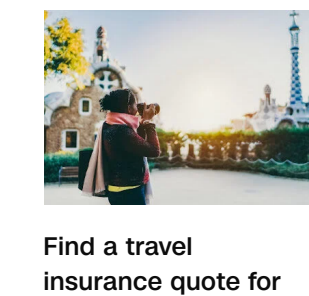
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How does non-owner car insurance work?

Unlike a standard auto insurance policy, which covers a specific vehicle, a non-owner policy covers a specific person. It provides secondary coverage, meaning it covers some or all of any leftover expenses the vehicle owner's policy doesn't cover if you get into a wreck while driving their car.

"Most consumers purchase car insurance because they own and operate a car," said Nick Schrader, owner of Texas-based Second Western Insurance. "However, some individuals choose to purchase a non-owned auto insurance policy to protect their liability for occasional auto exposure. This insurance will cover the operator when they borrow or rent a vehicle that they do not own."

Let's say you borrow a friend's car and have an accident for which you are at fault. Your friend's car insurance could help pay for the damage to the other driver's vehicle, up to the policy limit. If damage costs exceed the owner's policy limit, your non-owner policy will pick up the remaining expenses.

For example, if the accident causes \$25,000 in property damage but your friend only carries \$20,000 in property damage liability coverage, your non-owner policy would pay the remaining \$5,000.

What does non-owner car insurance cover?

Generally speaking, non-owner car insurance covers bodily injury and damaged property if you're at fault in an accident, said Alaina Hixson, director of sales and operations at Tennessee-based The Churchill Agency.

- Bodily injury liability:** Pays the medical expenses of another driver and their passengers when you're at fault for an accident.
- Property damage liability:** Helps pay repair or replacement costs of another motorist's vehicle or another person's property (like a fence or mailbox) when you cause a collision.
- Medical payments (optional, in some cases):** Pays the medical costs of you and your passengers.
- Personal injury protection (optional, in some cases):** Required in most no-fault states, helps pay the medical expenses of you and your passengers, as well as funeral costs and lost wages.
- Uninsured or underinsured motorist coverage (optional, in some cases):** Pays your costs if the at-fault driver doesn't have insurance or doesn't have enough insurance to cover their financial responsibility.

A non-owner policy offers the same liability protections when driving a [rental car](#). Insurance offered by rental car companies usually is expensive, so frequent renters might save money by carrying a non-owner car insurance policy and declining the coverage at the rental counter.

What's not covered by non-owner car insurance?

In general, collision and comprehensive damage aren't covered by a non-owner policy, Schrader said.

Collision coverage pays the repair costs of the vehicle you are driving in the accident. Comprehensive covers for non-collision costs like damage from a fire, theft or a tree branch falling on your car during a storm.

So, if you damage the car you're driving in a traffic accident or it's stolen while in your possession, your non-owner policy would not cover the losses. However, if the vehicle's owner carries collision insurance, it should cover the damages, up to the policy limit. Similarly, if they carry comprehensive insurance, it should help pay to replace the stolen automobile.

Unless your non-owner policy includes medical payments or PIP coverages, it will not cover injuries sustained by you or your passengers. Likewise, it won't cover any of your personal items that are damaged or stolen.

How much is non-owner car insurance?

The cost of non-owner car insurance can vary greatly, from a few hundred dollars a year, according to Schrader, to nearly \$800 a year, Insurance Business Magazine noted.

However, rates vary based on personal factors such as:

- Your age
- Your location
- Your driving history
- Your policy's coverage limits
- Your policy's deductible (if any)

Who needs non-owner car insurance?

It makes good financial sense to buy non-owner car insurance if you:

- Rely on others' cars:** "Non-owner car insurance is recommended for those that do not own their own car or carry standard auto insurance but often borrow vehicles from others," Hixson said. This includes occasionally borrowing vehicles from a member of your household, like a roommate. If you regularly drive a household member's car, they should list you on their auto insurance policy to ensure that their liability coverage covers you and that their insurer doesn't deny a claim for having a regular, unratred driver.
- Frequently rent automobiles:** A non-owners policy can help you avoid the high costs of liability coverages offered by rental car companies.
- Are required to file an SR-22 (FR-44 in Florida or Virginia):** Following a conviction for a serious violation such as a [DUI](#), the court may rule that you must file a proof of insurance form called an SR-22 or FR-44.
- Temporarily don't have a vehicle but plan to buy one:** Non-owner policies can provide [temporary car insurance](#) and will allow you to maintain continuous coverage to avoid a lapse in your insurance history, which could lead to a higher rate when you buy another personal car insurance policy.
- Obtain vehicles through a ride-sharing service:** While ride-sharing automobiles may include some liability coverage, carrying a non-owner policy can enhance your financial protection.

Situations where non-owner car insurance is essential

If you can't afford to buy a car but plan to purchase one in the future, a non-owner policy helps you avoid a coverage gap. Many insurance companies will allow you to convert the non-owner policy to a standard auto insurance policy when you get a new ride.

If you don't plan on buying a car and use other people's vehicles when you need to drive somewhere, a non-owners policy is a good fit.

Your job may require you to frequently drive another person's automobile. For instance, perhaps you're a professional caregiver and drive clients to and from medical appointments in their handicapped-equipped vans but are unsure of their auto insurance coverage. In such cases, a non-owners policy that covers business activities would provide some peace of mind (not all insurers provide business coverage in a non-owner policy).

Who shouldn't buy non-owner car insurance?

People who live with their parents or other family members and rely on their cars to get around likely do not need non-owners coverage. Your family members should list everyone who lives in the household and drives their vehicles on their policy.

Motorists who don't own a car and never drive do not need non-owner car insurance.

Also, drivers who own an automobile, carry a standard auto insurance policy and almost never rent vehicles don't need non-owner coverage.

Non-owned car insurance for businesses

Business owners should purchase non-owner car insurance to extend liability coverage to employees who occasionally drive their personal cars for company business.

Some providers that sell [small business insurance](#) also offer hired and non-owned auto coverage (HNOA), which is typically offered as an endorsement to a general liability, commercial auto or business owners policy (BOP). HNOA coverage provides bodily injury and property damage liability coverages for company-rented, company-leased or company-borrowed vehicles that employees drive, which includes employees' personal vehicles used for occasional errands.

While employees who use their personal cars for business should carry their own standard auto policy, business use of their vehicles is likely excluded. An HNOA can provide the liability coverage needed for both the employer and the employee. Also, some insurers require businesses to have equal amounts of liability coverage for their commercial auto and HNOA exposures.

Typically, HNOA policies do not cover an employee's personal items such as a briefcase, cell phone or laptop. An HNOA might also exclude bodily injury coverage for the employee, their family members or other non-employees riding in a covered automobile.

Frequently asked questions (FAQs)

- Can I get non-owner car insurance if I have a poor driving record?**
It depends. Typically, traffic tickets can stay on your record for at least three years. Depending on the number and severity of your infractions, a provider might deny coverage or charge you a higher premium. When shopping for a non-owner policy, request quotes from several carriers.
- Do I need non-owner car insurance if I rent a car frequently?**
- Is it possible to get non-owner car insurance for international travel?**
- Does non-owner car insurance cover medical bills if I get in an accident?**
- Can a non-owner car insurance policy be converted into a standard auto insurance policy?**

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